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Prime Minister's schedule, August 27

NIKKEI (Page 2) (Full)

August 28, 2009

09:01 Left Rihga Royal Hotel in Osaka.

09:43- Delivered speeches in Kishiwada, Matsubara, and Kyoto.

12:59 Met Upper House member Satoshi Ninoyu at JR Kyoto Station.

13:16 Left JR Kyoto Station on Nozomi 22.

15:14 Arrived at JR Shin-Yokohama Station.

15:42- Delivered speeches in Yokohama, Atsugi, and Sagamihara.

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19:59 Arrived at his official residence.

4) Poll: DPJ retains overwhelming lead; LDP mounting late spurt in closely contested districts

YOMIURI (Top Play) (Full)

August 28, 2009

The latest survey by the Yomiuri Shimbun showed that the Democratic Party of Japan (DPJ) could win more than 300 seats in the Aug. 30 House of Representatives election, pointing to the strong possibility of a change of government. The survey was conducted on Aug. 25-27 in 200 of the nation's 300 single-seat constituencies - mainly closely contested constituencies or those drawing public attention in the final phase of the campaign. Liberal Democratic Party candidates have closed the gap with DPJ candidates in some districts, but the LDP has failed to put the brakes on the DPJ's momentum. Even so, more than 20 PERCENT of the electorate has yet to reveal which party they intend to vote for in the single-seat constituencies; therefore the situation remains fluid.

The previous survey, conducted on Aug. 18-20, at the start of the campaign, indicated that the DPJ might win more than 300 seats in single-seat constituencies and in the proportional representation segment. The survey also showed that the LDP could suffer a drastic decrease in seats and that the New Komeito will have difficulty securing the number of seats it held before the election. The latest survey, conducted by phone, of voters in the 200 constituencies was intended to assess voting patterns in the final phase (of the election campaign). Those surveyed were chosen at random by computer.

A comparison of the previous and latest survey results in the 200 constituencies shows that (1) the number of candidates likely to win or enjoying an advantage remains almost unchanged in both the LDP and the DPJ; and (2) the number of constituencies in which several candidates are neck and neck increased from 53 to 67. In many of these closely contested districts, LDP candidates who had lagged behind their DPJ rivals have caught up with them. The survey results disclose that the LDP is mounting a late spurt.

Meanwhile, the New Komeito, which had been fighting an uphill battle, has recovered some ground in the final phase (of the campaign). In Osaka No.3 Constituency and Hyogo No.2 Constituency the party's candidates have closed the gap with their respective rivals who had been in the lead in the previous survey.

The DPJ, which has been advocating a change of government, has expanded its support base in many constituencies and across generations. Former LDP prime ministers and DPJ-backed woman candidates have been engaged in close contests In Ishikawa No. 2 Constituency and Gunma No. 4 Constituency. Close contests are also being fought in the Aomori No. 3 Constituency, Ibaraki No. 2 Constituency, Kanagawa No. 2 Constituency, Kyoto No. 5 Constituency, and Kochi No. 2 Constituency. A number of former LDP cabinet ministers are running in these constituencies.

5) Poll: DPJ maintains momentum

MAINICHI (Top play) (Abridged)  
August 28, 2009

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Ahead of Aug. 30's general election for the House of Representatives, the Mainichi Shimbun conducted a nationwide public opinion survey. In the survey, respondents were asked which political party they would vote for in their proportional representation blocs. In this public preference of political parties for proportional representation, the Democratic Party of Japan was markedly higher than the Liberal Democratic Party, with the DPJ scoring 44 PERCENT and the LDP at 21 PERCENT. In the breakdown of public support for political parties, the DPJ stood at 39 PERCENT, renewing its previous all-time high of 36 PERCENT in the last survey taken in July. The LDP was at 20 PERCENT, about half of the DPJ's support rate. An earlier ad hoc survey conducted by the Mainichi Shimbun on Aug. 19-21 showed that the DPJ could garner more than 320 seats, two thirds of the 480 seats in the Diet's lower chamber. However, the election campaign is now on the last stretch, with the DPJ maintaining its momentum.

In the survey, respondents were also asked which political party's candidate they would vote for in their single-seat constituencies. To this question, 46 PERCENT chose the DPJ's candidate, with 23 PERCENT preferring the LDP's.

In the public preference of other political parties for proportional representation, the New Komeito party was at 7 PERCENT, the Japanese Communist Party at 5 PERCENT, the Your Party at 2 PERCENT, the Social Democratic Party at 1 PERCENT, the People's New Party at 1 PERCENT, and the New Party Nippon at 1 PERCENT.

The Aso cabinet's support rate was 20 PERCENT, showing a slight increase of 3 points. However, it still remains low. The nonsupport rate was 60 PERCENT, down 7 points.

6) Voter turnout likely to top figure for last election

ASAHI (Page 1) (Abridged)  
August 28, 2009

The campaign for the House of Representatives election is in full swing. The Asahi Shimbun conducted a pre-election survey on Aug. 22-25 to look into the situation of campaign battles and also polled the nation's electorate. In this pre-election poll, respondents were asked if they would vote in the election. To this question, a total of 81 PERCENT answered "yes, definitely." The figure is higher than that (78 PERCENT) in a pre-election poll taken before the last general election held in 2005 for the House of Representatives. Judging from these findings, the voter turnout in the upcoming election is highly likely to exceed that (67.51 PERCENT) for the 2005 election and is even likely to reach 70 PERCENT.

In the breakdown of public support for political parties, the Liberal Democratic Party stood at 22 PERCENT, with the Democratic Party of Japan at 29 PERCENT, the New Komeito at 3 PERCENT, the Japanese Communist Party at 2 PERCENT, and the Social Democratic Party at 1 PERCENT.

7) Poll: DPJ outpaces LDP in public support

TOKYO SHIMBUN (Page 1) (Abridged)  
August 28, 2009

Ahead of the upcoming election for the House of Representatives, Kyodo News conducted a telephone-based nationwide public opinion

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survey on Aug. 26-27 to look into public trends. In the survey, respondents were asked which political party they would vote for in

their proportional representation blocs. In this public preference of political parties, the Democratic Party of Japan scored 35.9 PERCENT , up 3.3 points from the last survey taken Aug. 15-16. The Liberal Democratic Party was at 17.9 PERCENT , up 1.4 points. However, the DPJ's public support rating is about twice as high as the LDP's and is substantially leading the LDP. Meanwhile, a total of 30.9 PERCENT have not yet decided on which political party to vote for in their proportional representation blocs.

In single-seat constituencies, 36.0 PERCENT answered that they would vote for the DPJ's candidate, up 1.9 points from the last survey, with 22.6 PERCENT choosing the LDP's candidate, up 3.8 points.

Asked about the desirable form of government, 40 PERCENT opted for a "DPJ-led coalition government," leveling off from the last survey. An "LDP-led coalition government" was at 20.2 PERCENT , up 2.0 points. An "LDP-DPJ grand coalition government" was at 14.3 PERCENT (11.9 PERCENT in the last survey), and a "new framework through political realignment" at 13.8 PERCENT (17.3 PERCENT in the last survey).

In the public preference of other political parties for proportional representation, the New Komeito party was at 5.2 PERCENT (4.9 PERCENT in the last survey), the Japanese Communist Party at 3.9 PERCENT (3.8 PERCENT in the last survey), the Social Democratic Party at 2.2 PERCENT (1.1 PERCENT in the last survey), the People's New Party at 0.3 PERCENT (0.9 PERCENT in the last survey), the Your Party at 1.0 PERCENT (0.7 PERCENT in the last survey), the Reform Club at 0.1 PERCENT (0 PERCENT in the last survey), and the New Party Nippon at 0.1 PERCENT (0.2 PERCENT in the last survey).

8) Poll: Nearly 70 PERCENT have decided on candidate, party

NIKKEI (Page 2) (Full)  
August 28, 2009

With the House of Representatives election just around the corner, the Nihon Keizai Shimbun conducted an online poll of voters on Aug. 25-27. In this pre-election poll, a total of 65 PERCENT said they have now chosen a candidate to vote for in their single-seat constituencies, up 16 PERCENT from the last online poll taken two weeks ago. For proportional representation as well, the figure rose 11 points to 66 PERCENT . With the election approaching, more voters have now decided on their voting attitudes. Respondents were also asked if they would vote in the election. To this question, "yes" rose 7 points to 80 PERCENT . Including those who "intend to do so," the total figure reached 93 PERCENT .

In the public preference of political parties to vote for in single-seat constituencies, the Democratic Party of Japan scored 52 PERCENT , up 5 points from the last online poll. The Liberal Democratic Party was at 18 PERCENT , down 2 points. For proportional representation, the DPJ marked 45 PERCENT , up 1 point from the last time, and the LDP at 16 PERCENT , up 2 points. There is almost no change in the DPJ's lead.

The poll was conducted by Nikkei Research on the internet, with a total of 3,500 persons chosen from among male and female voters,

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aged 20 and over, across the nation. The response rate was 34.5 PERCENT in the first pre-election online poll, 34.1 PERCENT in the second online poll, 31.3 PERCENT in the third poll, and 32.4 PERCENT in the latest one.

9) Tailwind for the DPJ means headwind for the LDP: New Komeito scrambling to avoid sinking with LDP, small parties struggling to project their uniqueness

NIKKEI (Page 2) (Excerpts)  
August 28, 2009

Amid predictions that the Democratic Party of Japan (DPJ) will win a landslide victory single-handedly in the House of Representatives

election, parties other than the DPJ and the Liberal Democratic Party (LDP) are faced with the problem of adjusting their strategies to cope with the post-election situation. There is now a possibility that the New Komeito, which took advantage of its position as the third largest party to become a member of the ruling coalition, may review its cooperative relationship with the LDP after the election. On the other hand, the Social Democratic Party (SDP) and the other small parties, while eager to ride on the wind of the "change of administration," are struggling to project their unique aspects.

So far, under the situation of neither the LDP nor the DPJ having a sole majority in the House of Councillors, the New Komeito has been able to hold the casting vote for key bills. It also has been able to realize as a ruling party its social welfare policy, the party's main focus. However, if the LDP loses power, it will no longer be able to enjoy such a benefit.

New Komeito leader Akihiro Ota, commenting on post-election cooperation with the LDP, has stated openly, "The concept of a coalition of opposition parties has never existed in Japanese politics," hinting at a possible review of the party's relations with the LDP. As a change of administration is fast becoming a real possibility, there is an opinion in the religious sect Soka Gakkai, the party's main support group, that if the ruling parties lose the election, it would be wise to keep its distance from the LDP.

All of the New Komeito's eight candidates in single-seat constituencies are fighting an uphill battle against DPJ candidates. Senior party officials are now concerned about being dragged into the headwind blowing against the LDP and going down with it.

The New Komeito is also having a tough time in its bid to win more proportional representation seats. A mid-ranking Diet member confided: "Many people are thinking of voting for the DPJ just this once. The response to our campaign is not good."

The prediction of a landslide victory for the DPJ is also affecting the campaign strategy of the SDP and the People's New Party (PNP), with which the DPJ is planning to form a coalition after the election. Since the DPJ does not hold a majority in the Upper House, President Yukio Hatoyama has already announced the party's intention to form a coalition with these two parties. Therefore, their strategy has been based on "holding the casting vote." However, if the DPJ comes to control a two-thirds majority in the Lower House, which will enable it to pass with a second vote bills rejected by the Upper House, the SDP's and the PNP's strategy will be meaningless.

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The SDP is in a dilemma because if it does not project any sense of uniqueness. "Proportional representation votes may all go to the DPJ," said a senior SDP official, but if the party projects its uniqueness too strongly, the DPJ may react negatively.

In a stump speech in Akihabara, Tokyo on August 26, "Your Party" leader Yoshimi Watanabe said: "We have no problem at all with a DPJ victory. If we are asked to join the government, we will consider the offer positively." He conveyed to his audience his closeness to the DPJ, as it heads toward an overwhelming victory.

However, he, too, is making every effort to avoid being overshadowed. Watanabe did not forget to criticize the DPJ's policy on toll free expressways as a "pork barrel" in his speech.

10) DPJ's "Ozawa faction" likely to have 120 Diet members

SANKEI (Page 5) (Excerpts)  
August 28, 2009

If the Democratic Party of Japan (DPJ) wins about 300 seats in the Aug. 30 House of Representatives election, the number of a group led by Deputy President Ichiro Ozawa will likely become 120 members from the two Diet chambers. The media have reported that the DPJ would overwhelmingly win the election. Influence of Ozawa, who is in charge of the party's election strategy, is certain to become

stronger in the DPJ. Ozawa appears to be increasing his forcefulness taking advantage of his group's numerical power after the DPJ wins the election. Some in the DPJ are concerned about a possible "dual power structure."

The Ozawa group had about 50 members when the Lower House was dissolved. The group was made up of "Isshin-kai," a group of junior Lower House members, and Upper House members. If the "Isshin-kai club" consisting of about 50 former Diet members and new-face candidates is added, the Ozawa group will have about 100 members. In addition, about 20 candidates, who were filed by Ozawa, are running in only the proportional representation segment of the ballot. If the DPJ secures more than 300 seats, the number of the Ozawa group will exceed 120.

Meanwhile, the group-led by President Yukio Hatoyama is expected to have 60 members and Deputy President Naoto Kan-led group will likely have 40 to 50 members.

The main reason for the Ozawa group's expansion of power is because Ozawa made an effort to pick out new-face candidates and support them in raising election funds and securing support from corporations and organizations. Ozawa has provided election funds focusing on candidates affiliated with the Ozawa group, who are running in key single-seat districts.

Ozawa thinks of himself as a former Prime Minister Kakuei Tanaka's fair-haired boy, and others also regard him that way. The emergence of the Ozawa group made up of one-third of the DPJ Lower House members is reminiscent of the former Tanaka faction in the Liberal Democratic Party (LDP), which enjoyed its influence over the LDP.

However, Ozawa criticized "group activities" in the party while he was heading the former New Frontier Party, by stressing the need for a unanimous party arrangement when internal conflict with members affiliated with the New Komeito intensified. Therefore, there is a

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possibility that Ozawa will come under criticism if he activates moves in the party, with a junior member saying: "If such happens, his words and deeds will contradict what he said when he headed the New Frontier Party."

11) Uesugi, Terashima may be picked secretary or assistant to a Prime Minister Hatoyama

SANKEI (Page 5) (Full)  
August 28, 2009

Democratic Party of Japan (DPJ) President Yukio Hatoyama generally decided yesterday to pick freelance journalist Takashi Uesugi, former state-paid secretary to former Internal Affairs and Communications Minister Kunio Hatoyama, younger brother of Yukio Hatoyama, for either the post of secretary to the prime minister in charge of publicity or the post of assistant if the DPJ takes over the reins of government (in the Aug. 30 House of Representatives election). Hatoyama also plans to appoint Jitsuro Terashima, president of Tama University and chairman of the Japan Research Institute, as secretary or assistant to the prime minister in charge of foreign policy. The question is whether his plans will be approved by DPJ members. Hatoyama reportedly intends to have them concurrently serve as members of a National Strategy Bureau, which will be set up under the direct control of the prime minister.

At present a total of six secretaries to the prime minister are made up of a Diet member's secretary for political affairs and five from such ministries as the finance and foreign ministries who are in charge of administrative affairs. Hatoyama intends to revise the cabinet secretariat organization law, which stipulates the number of secretaries, in order to increase the number of secretaries from the private sector, when he picks Uesugi or Terashima a secretary to the prime minister. The Cabinet Law revised in 2001 stipulates that five secretaries at the most should be picked. There were many cases in which the successive prime ministers picked Diet members and private sector persons in favor of their political visions.

The reason for Hatoyama wishing to appoint Uesugi and Terashima is that "they understand well Hatoyama's views and they enjoy the confidence of Hatoyama" (person close to Hatoyama). Because the National Strategy Bureau will be responsible for formulating the framework of domestic politics, Hatoyama aims to have his own views reflected in national policies by letting them serve in the two posts.

Sugiyama told the Sankei Shimbun: "I don't know whether I will accept if I receive an offer." The Japanese Research Institute said: "Terashima is now traveling abroad on business." Uesugi worked at the Tokyo branch of New York Times after having served as a secretary to Kunio Hatoyama. After that, he has been working as a freelance journalist on political affairs. Terashima once worked at Mitsui and Co. Ltd. He advocates the establishment of an equal Japan-U.S. relationship and a multilateral security organization in Asia.

## 12) DPJ to delay issuance of National Defense Program Guidelines

SANKEI (Page 3) (Abridged)  
August 28, 2009

The Democratic Party of Japan (DPJ) decided yesterday to postpone  
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the compilation of the National Defense Program Guidelines (NDPG), which the current administration planned for the year-end, until next year or later, if it takes over the reins of government after the Aug. 30 House of Representatives election. The DPJ, which plans to produce a new NDPG after fundamentally reviewing the current revision plan, has found it difficult to finish its studies before the end of the year. With the Defense Ministry has already begun compiling a budget for fiscal 2010 based on the NDPG's revision by the end of the year, the move will produce havoc in the ministry.

On Aug. 4 the Council on Security and Defense Capabilities (chaired by Tokyo Power Company Chairman Tsunehisa Katumata) presented to Prime Minister Taro Aso a report recommending the use of the right to collective self-defense. Based on this, the government planned to have the cabinet adopt at the end of the year the (revised) NDPG and the Midterm Defense Buildup Program specifying the major defense equipment for the next five years (FY2010-2014).

But a cautious stance still prevails in the DPJ about that report, and President Yukio Hatoyama has announced a plan to review the report after taking power.

The council produced its report in about six months. DPJ Vice President Seiji Maehara said, "We will select a new lineup for the council to produce a new report." The NDPG to be formulated by the DPJ is likely to be fundamentally different in content and to take time.

There is a view in the DPJ that the revision can be put off until the end of next March because the current NDPG will be good until the end of fiscal 2009. But a revision next March will be too late to reflect its results in year-end budget compilation. For this reason, a plan to delay the revision for one year is prevalent.

Further, the DPJ, which includes members from the former Japan Socialist Party as well as a group of conservatives, has yet to produce a unified view on the specific capabilities of the Self-Defense Forces (SDF). Complications are also expected in coordination of views with the Social Democratic Party, the DPJ's possible coalition partner which calls for a reduction in the SDF.

The DPJ also vows in its manifesto (election pledges) to revise the Japan-U.S. Status of Forces Agreement and review the U.S. force realignment plan. The DPJ intends to conduct its NDPG formulation work while keeping an eye on the level of progress on the U.S. government's effort to produce the new Quadrennial Defense Review (QDR) early next year.

If the NDPG revision is put off for one year, the fiscal 2010 budget will have to be compiled by, for instance, altering the Midterm

Defense Buildup Program which expires at the end of fiscal 2009. As such, it will be difficult to compile a bold budget.

13) "Prime Minister Hatoyama" to make diplomatic debut in late September; MOFA coordinating schedule on assumption of change of administration

TOKYO SHIMBUN (Page 2) (Full)  
August 28, 2009

The Ministry of Foreign Affairs (MOFA) has drawn up the schedule for summit diplomacy after the House of Representatives election on

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August 27. The prime minister will attend a series of international conferences, including the "UN High-level Event on Climate Change" at the UN headquarters in New York on September 22. Coordination is underway to hold Democratic Party of Japan (DPJ) President Yukio Hatoyama's first summit meeting with U.S. President Barack Obama on September 23 if he becomes the prime minister. Summits with the leaders of China and South Korea are also being arranged. These meetings will be Hatoyama's diplomatic debut.

After the high-level event on climate change on September 22, the UN General Assembly (UNGA) begins its general debate on September 23. The G-20 financial summit in Pittsburgh follows on September 24-25.

MOFA has begun the coordination process on the assumption that the new prime minister will attend these meetings. He will depart Japan on September 21 to attend the climate change conference on the morning of September 22.

President Obama is expected to deliver the opening speech at this meeting. If Hatoyama participates in this event as Japan's prime minister, this will be an opportunity to showcase Japan-U.S. cooperation on global warming prevention.

In his speech for the UNGA general debate, Hatoyama will emphasize his support for Obama's initiative for "a world without nuclear weapons" and publicize Japan's efforts toward the eradication of nuclear arms, including its adherence to the three non-nuclear principles.

The key question about Hatoyama's summit meeting with Obama is how far he will go in mentioning steps toward an "equal Japan-U.S. relationship" - which is included in the DPJ's campaign pledges - including the revision of the Japan-U.S. Status of Forces Agreement (SOFA) and a review of U.S. military bases in Japan. Arrangements are also being made for meetings with PRC President Hu Jintao and South Korean President Lee Myung Bak.

A senior MOFA official says: "This will be a full schedule including important summity on such issues as the earth environment, security, and the world economy. Naturally, we will have to make preparations on the assumption that whoever becomes the prime minister will attend these meetings."

14) Japan might be absent from G-8 meeting of House of Representatives chairmen

ASAHI (Page 4) (Excerpts)  
August 28, 2009

The 8th conference of Group of Eight (G-8) House of Representatives chairmen (chairmen's summit) will be held in Rome, Italy, in mid-September. In Japan, however, since a general election will be held on Aug. 30, a new Lower House speaker and a vice speaker will not have been selected yet. A special Diet session to pick a new speaker is unlikely to be held until then.

According to the Lower House Secretariat, the chairmen's summit will be held on Sept. 12-13. The previous speaker or vice speaker will not attend the meeting, so if the special session is held in mid-September or later, Japan will be absent from the summit.

15) Japanese and U.S. auto makers increasingly dissolving their

business tie-ups: Need for Japanese makers to have new strategy for North American market

TOKYO SHIMBUN (Page 8) (Full)  
August 28, 2009

Following the global slump in auto sales, Japanese and U.S. automakers are increasingly dissolving their business tie-ups. Nissan Motors on August 26 announced that it had called off its business tie-up with Chrysler. They had previously signed an original equipment manufacturing (OEM) agreement. Toyota Motors will also end auto manufacturing at NUMMI, a joint venture company with General Motors, by the end of 2009. Japanese automakers are now pressed to take a second look at their strategy to the North American market.

Nissan Motors had planned to provide compact cars to Chrysler and procure pickup trucks from that company. However, after filing for bankruptcy, Chrysler has been reconsidering its tie-up with Nissan, because it has decided to aim to restore the finances through a tie-up with Fiat, a leading Italian automaker, which has its forte in compact cars.

Regarding pick-ups, Nissan is looking into a future approach, including finding another supplier or continuing the manufacturing of its own products, noting that since pickups are a key commercial product, they will not cut off the supply of such vehicles.

GM had formed capital tie-ups with Isuzu Motors, Suzuki Motor Corporation and Fuji Heavy Industries by 2000. It presumably intended to enhance its competitiveness, by expanding business scale to meet the booming North American market.

However, it dissolved all such business tie-ups by 2008, after it slipped into the red.

It still has a cooperative relationship with Suzuki for the technical development of next-generation vehicles, such as hybrid cars.

16) Opinion polls in Japan, China: 73 PERCENT of Japanese respondents have negative impressions of China, reflecting distrust in food safety

YOMIURI (Page 9) (Abridged)  
August 28, 2009

(Saeki, Beijing)

Genron NPO of Japan and the China Daily, an English-language Chinese newspaper, each conducted opinion polls in their respective countries in May and June. The Genron NPO survey results show that many Japanese still have negative impressions of China because of the Chinese government's responses to such issues as food safety, epitomized by food poisoning caused by tainted Chinese dumplings.

Asked their impression of China, 62.7 PERCENT of the 1,000 respondents in the survey in Japan said that it was somewhat not good. Adding those who said it was not good, the percentage surges to 73.2 PERCENT. As the reason for their negative impression, 81 PERCENT cited the Chinese government's responses to food safety and other issues. Meanwhile, the survey results in China show that more

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than 60 PERCENT of the 1,589 respondents have a negative impression of Japan, with the largest number of respondents citing Japan's past aggression against China as the major reason.

As for problems that have hindered forging closer bilateral relations, 46.2 PERCENT of Japanese respondents cited the safety of Chinese products, and 49.2 PERCENT of Chinese surveyed mentioned territorial issues. Those who expressed anxiety about the safety of

Chinese food accounted for 94.8 PERCENT and 69.9 PERCENT of Japanese and Chinese respondents respectively. Asked about the results of bilateral summit meetings, more than 40 PERCENT of respondents both in Japan and China said that simply increasing the number of meetings was of no value.

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